

INVESTMENT SOLUTIONS & PRODUCTS

IS&P Investment Strategy & Research

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Presentation for Camera di Commercio Cantone Ticino

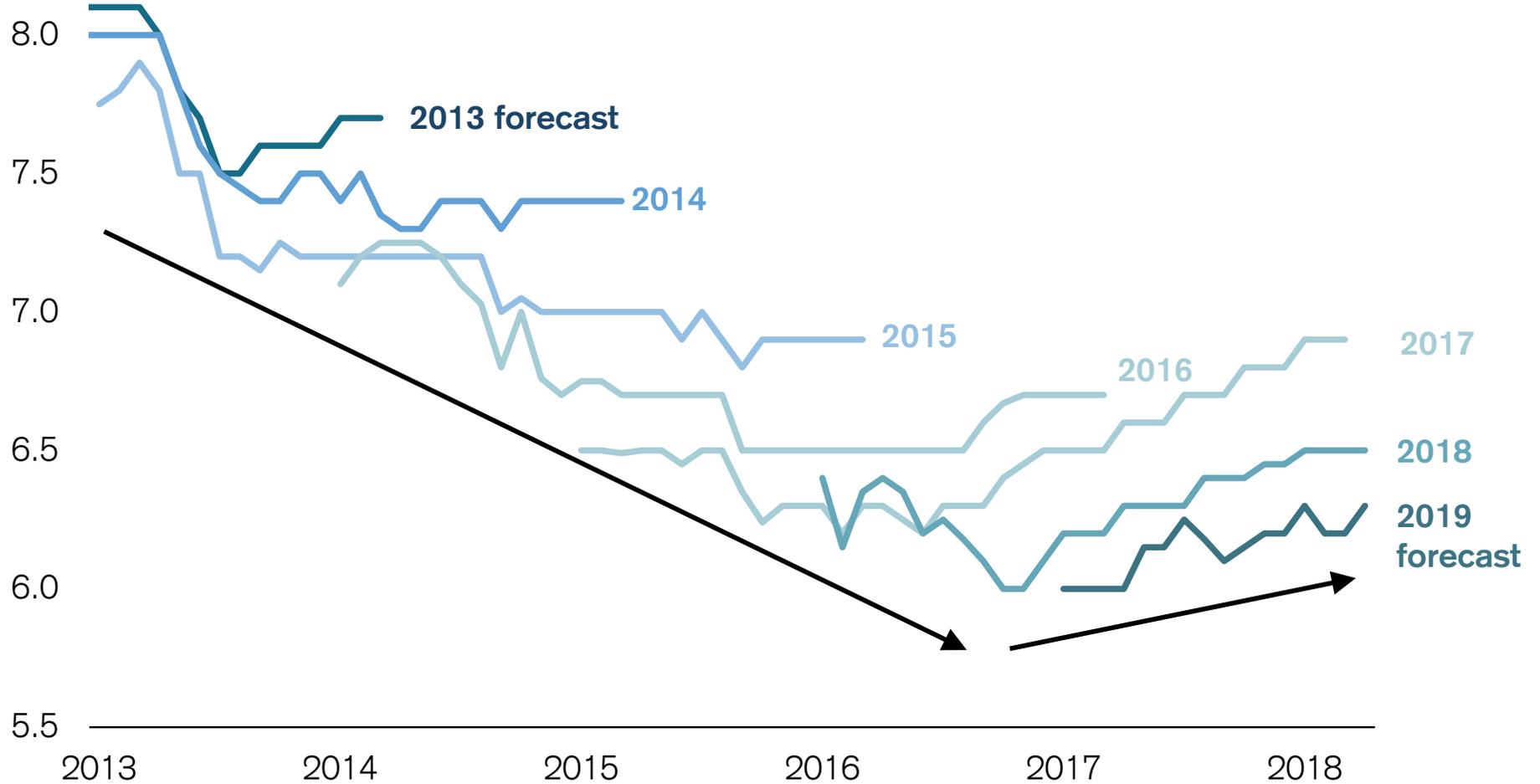
China: successful rebalancing act

Damian Künzi

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China: growth optimism has returned

Economists' median GDP forecasts for China (% YoY)

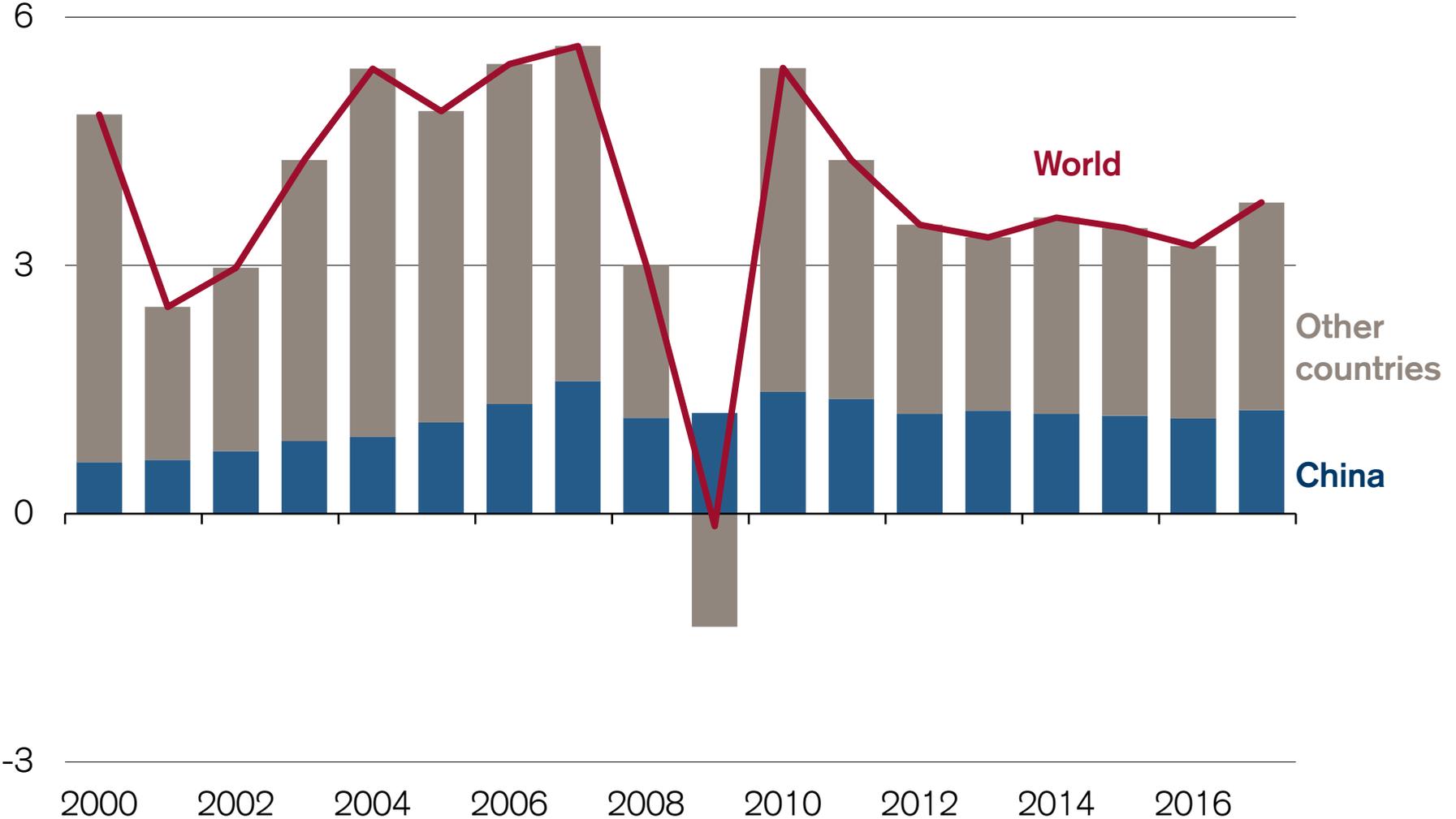


Last data point: April 2018

Source: Bloomberg, Credit Suisse

China crucial for global economic growth

% YoY, contributions, PPP based



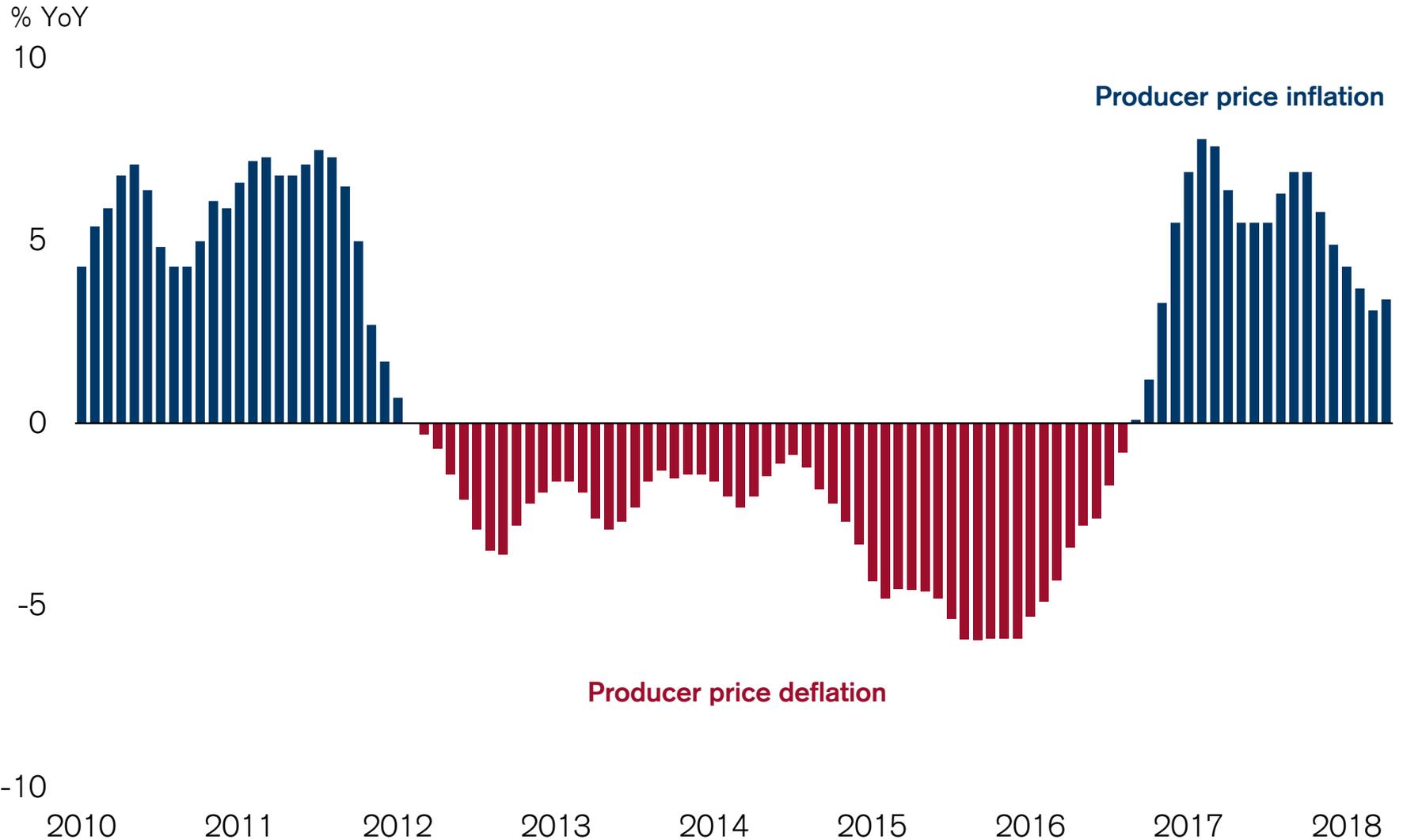
Last data point: 2017

Source: IMF, Datastream, Credit Suisse / IDC

Reasons to be optimistic

1. “Reflation”
2. Economy is rebalancing
3. Real estate market is back on track
4. Capital outflow pressures have abated

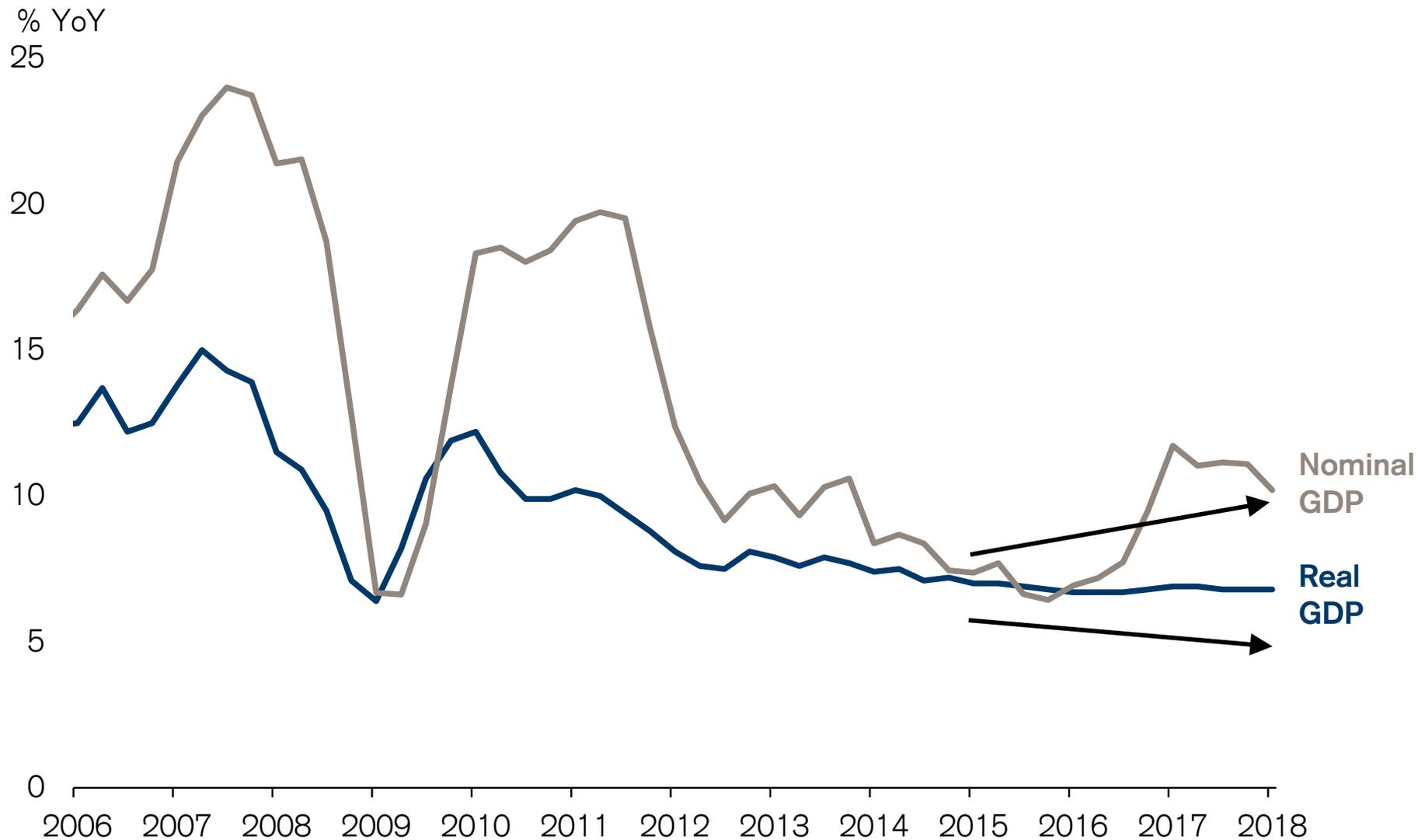
1. China has reflat...



Last data point: April 2018

Source: Datastream, Credit Suisse

... which has lifted nominal GDP ...

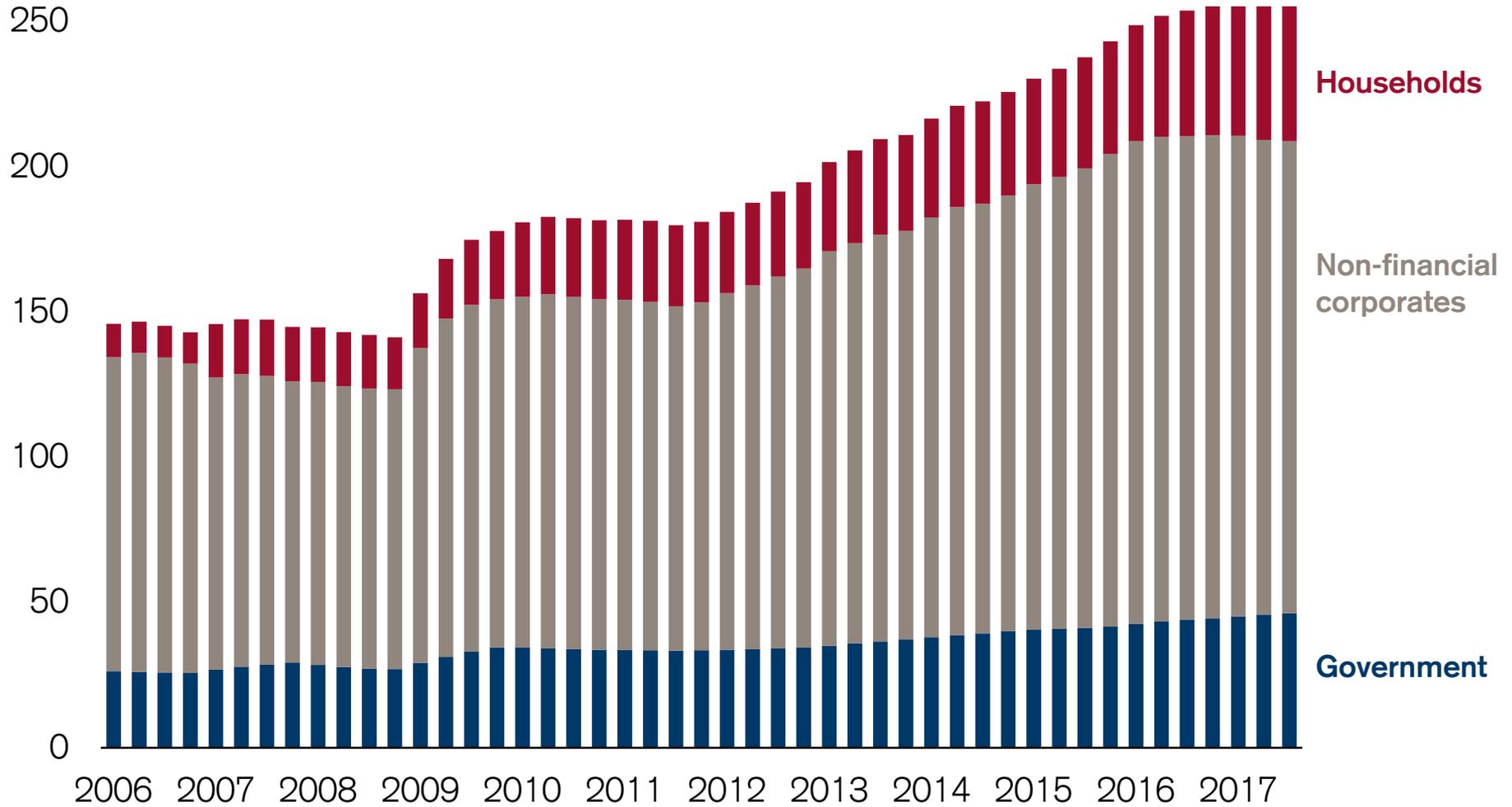


Last data point: Q1 2018

Source: Datastream, Credit Suisse

... and stabilized debt levels

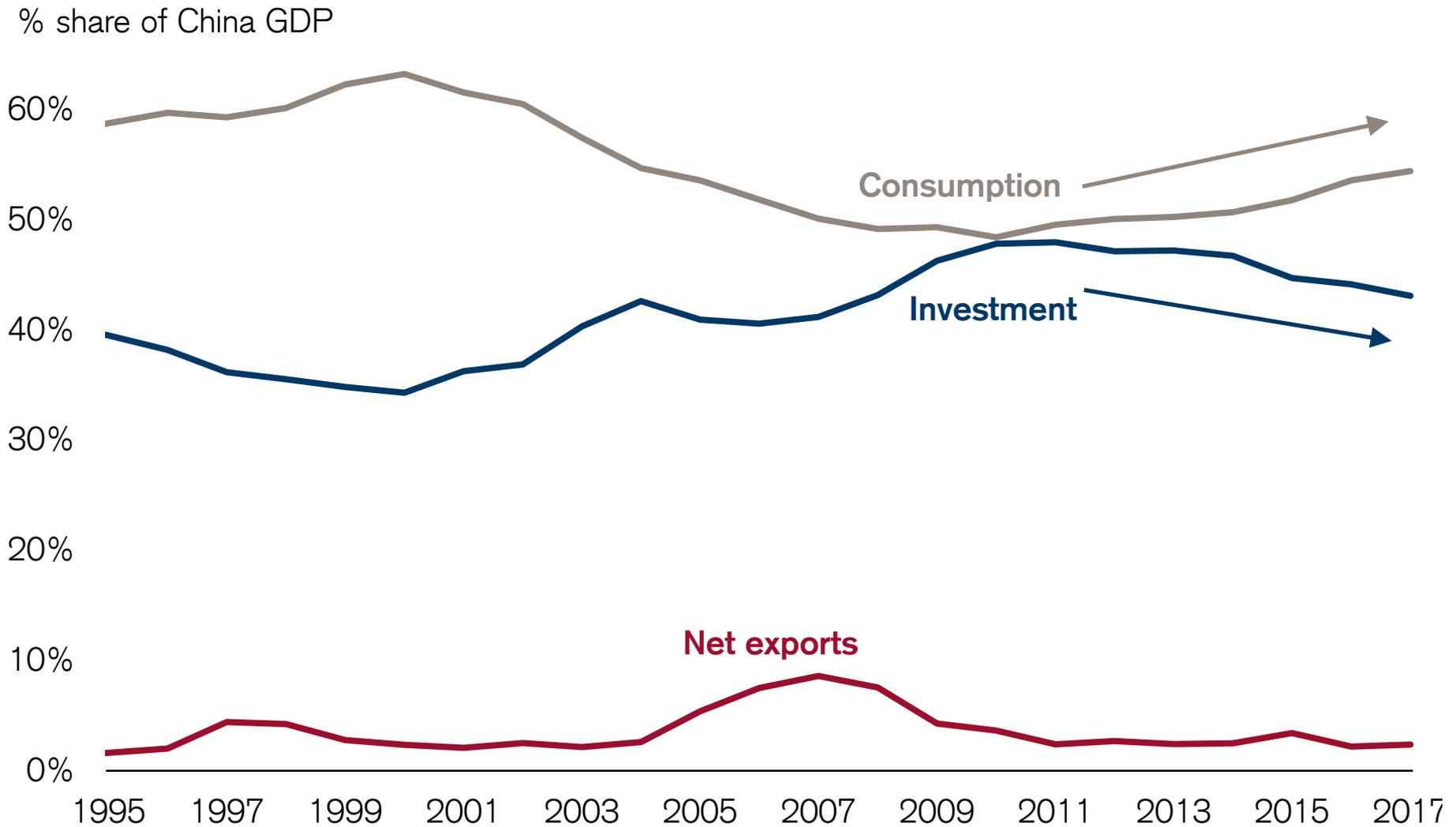
Debt in % of GDP



Last data point: Q3 2017

Source: Datastream, Credit Suisse

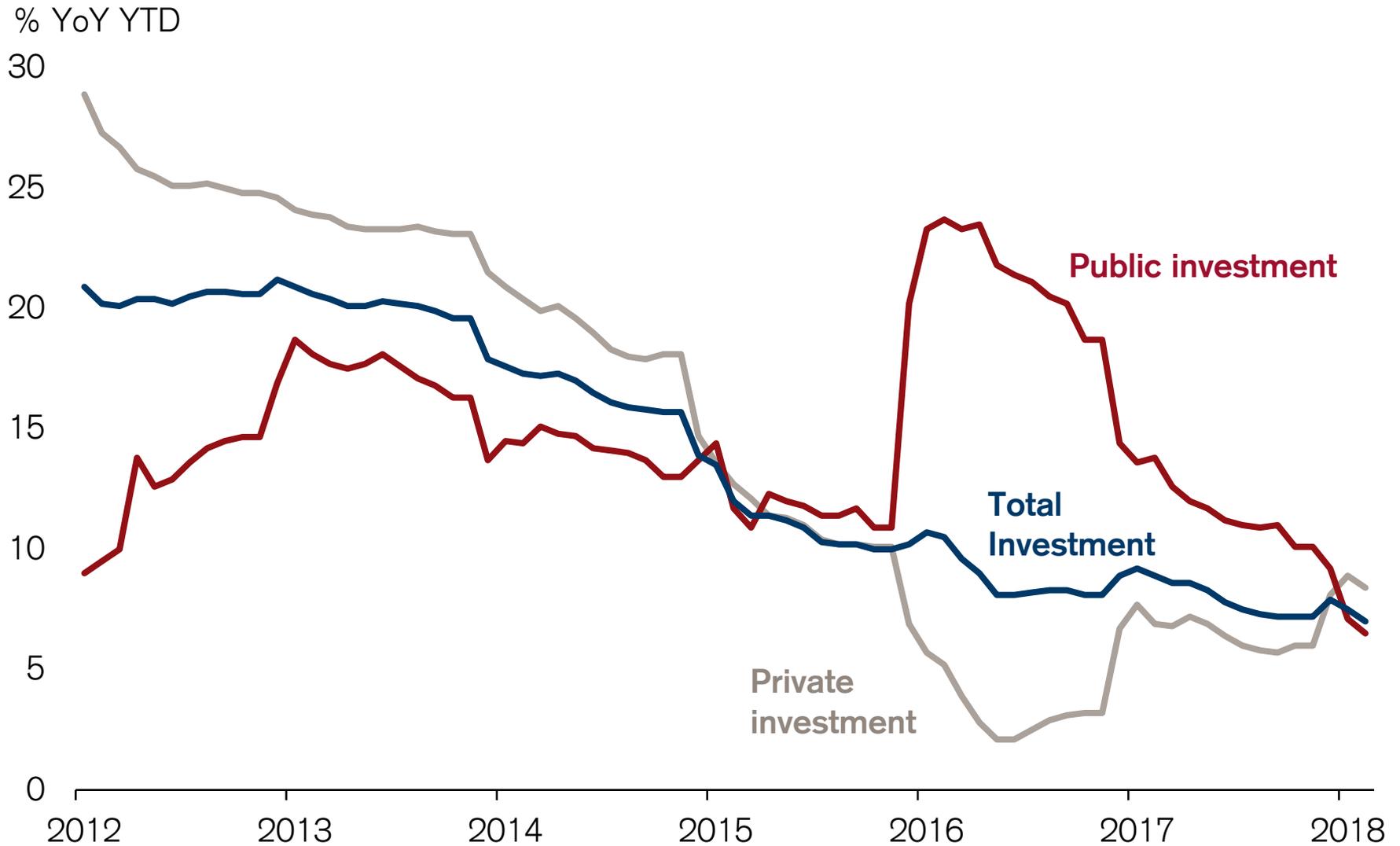
2. Economy is rebalancing toward consumption...



Last data point: 2017

Source: Datastream, Credit Suisse

... and investment gets less reliant on fiscal spending

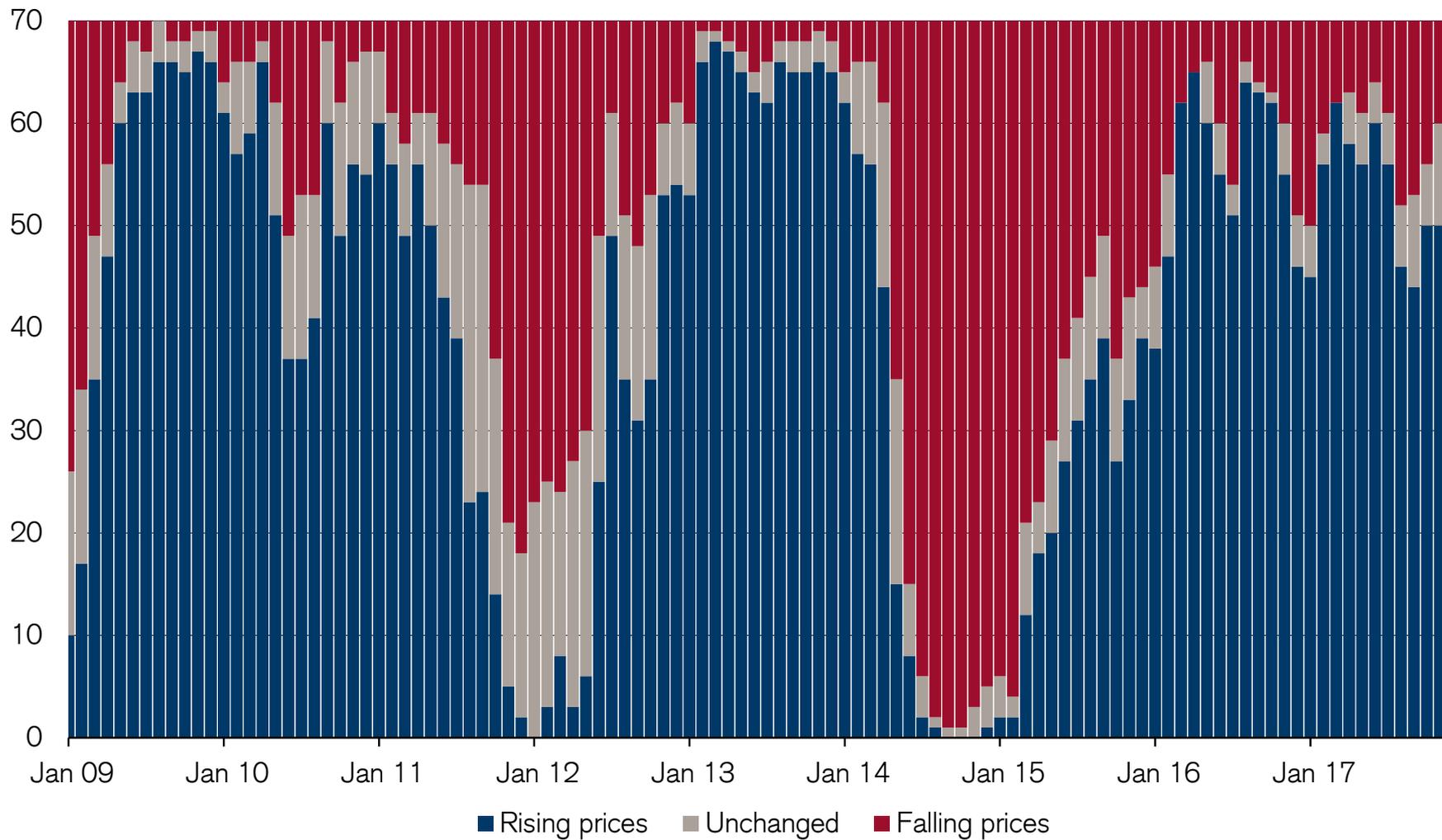


Last data point: April 2018

Source: Datastream, Credit Suisse

3. Real estate market is back on track

Number of cities



Last data point: 15.12.2017

Source: Datastream, Credit Suisse / IDC

4. Capital outflow pressures have abated



Last data point: May 2018

Source: Datastream, Credit Suisse

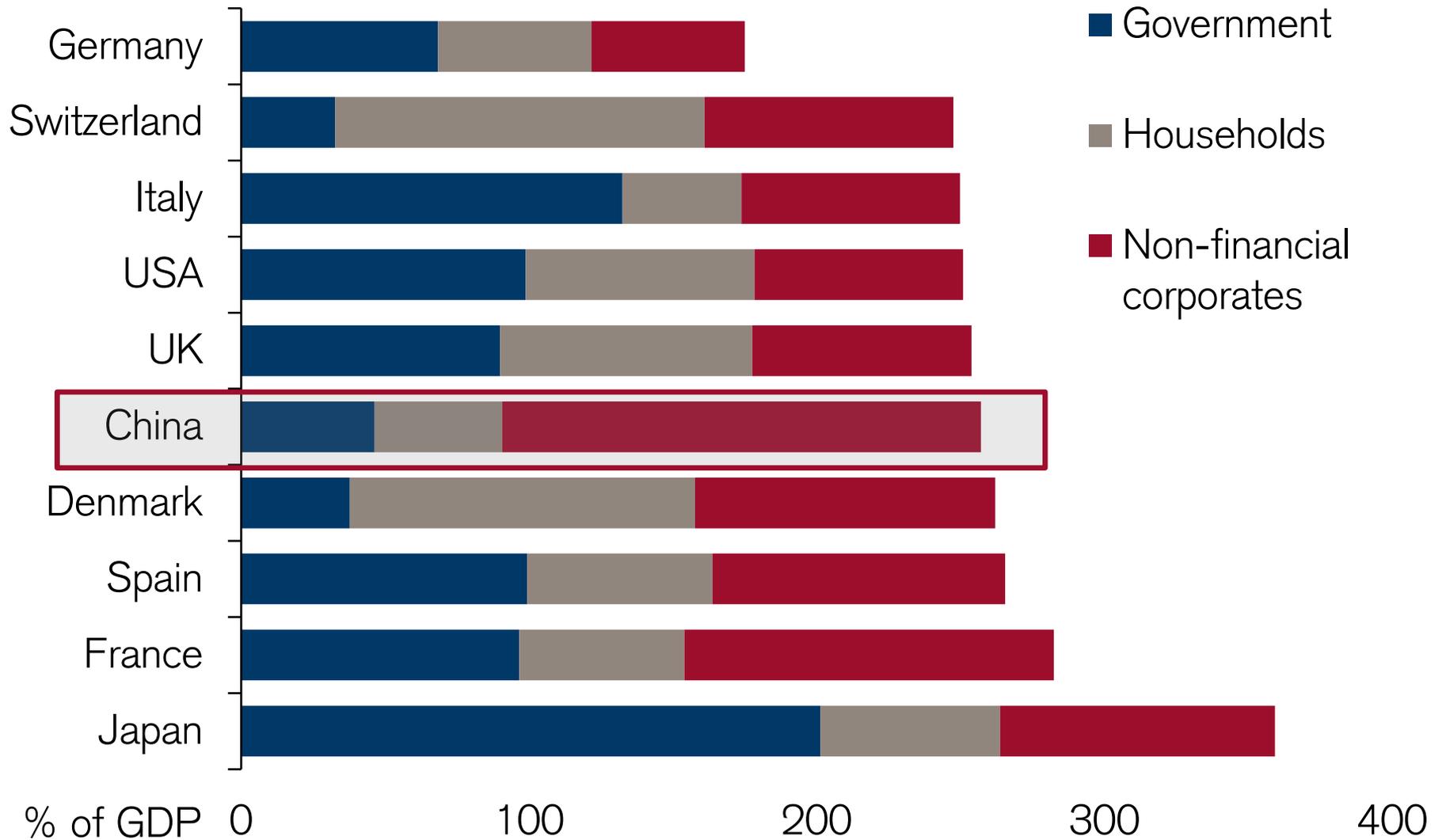
Reasons to be optimistic...

1. Reflation
2. Economy is rebalancing
3. Real estate market is back on track
4. Capital outflow pressures have abated

... but challenges remain

1. Debt problem unsolved
2. Demographics
3. More imminent: trade dispute

1. China highly indebted for an emerging market country

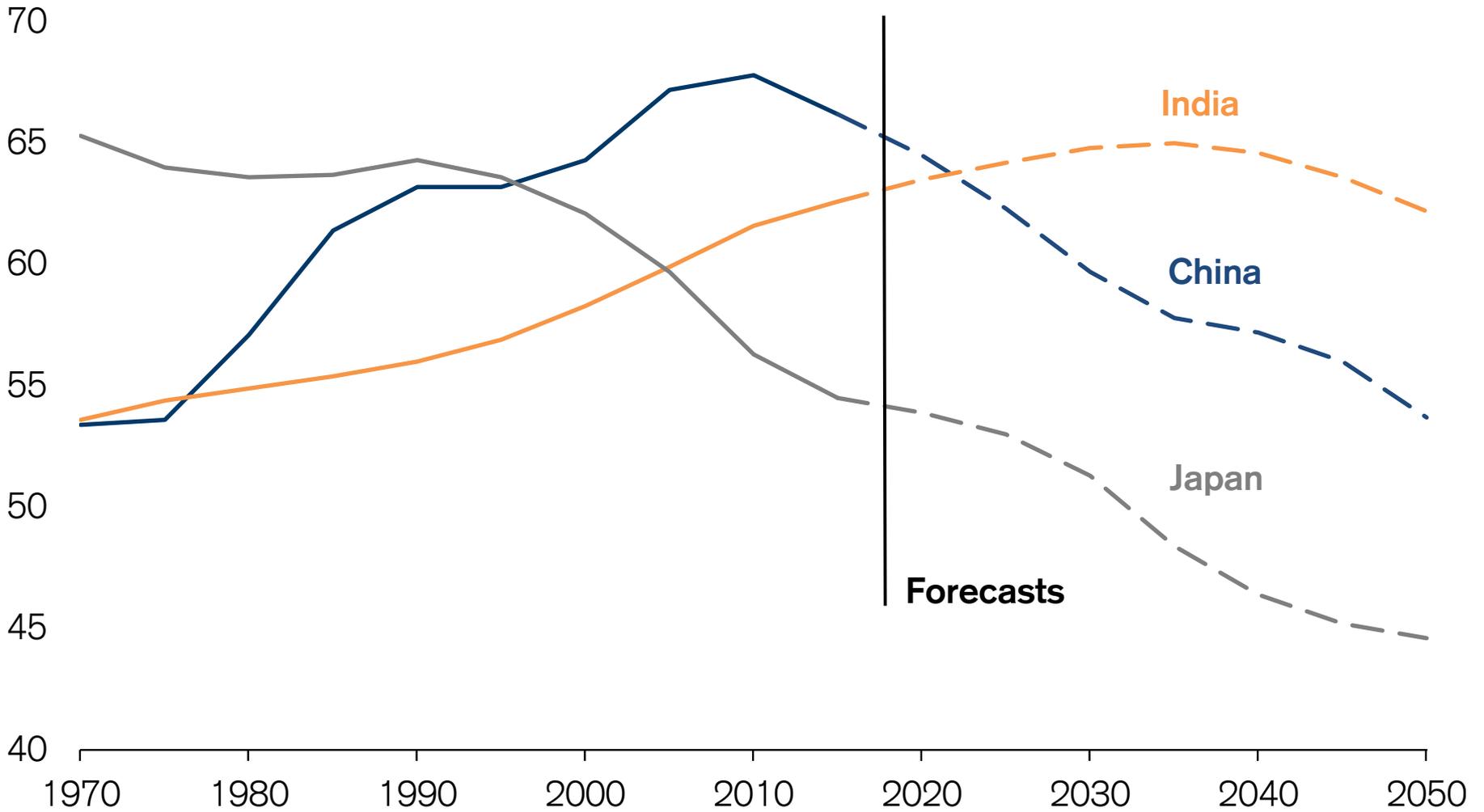


Last data point: April 2018

Source: Datastream, Credit Suisse

2. «Peak demographics» in China

working population as a % of total population

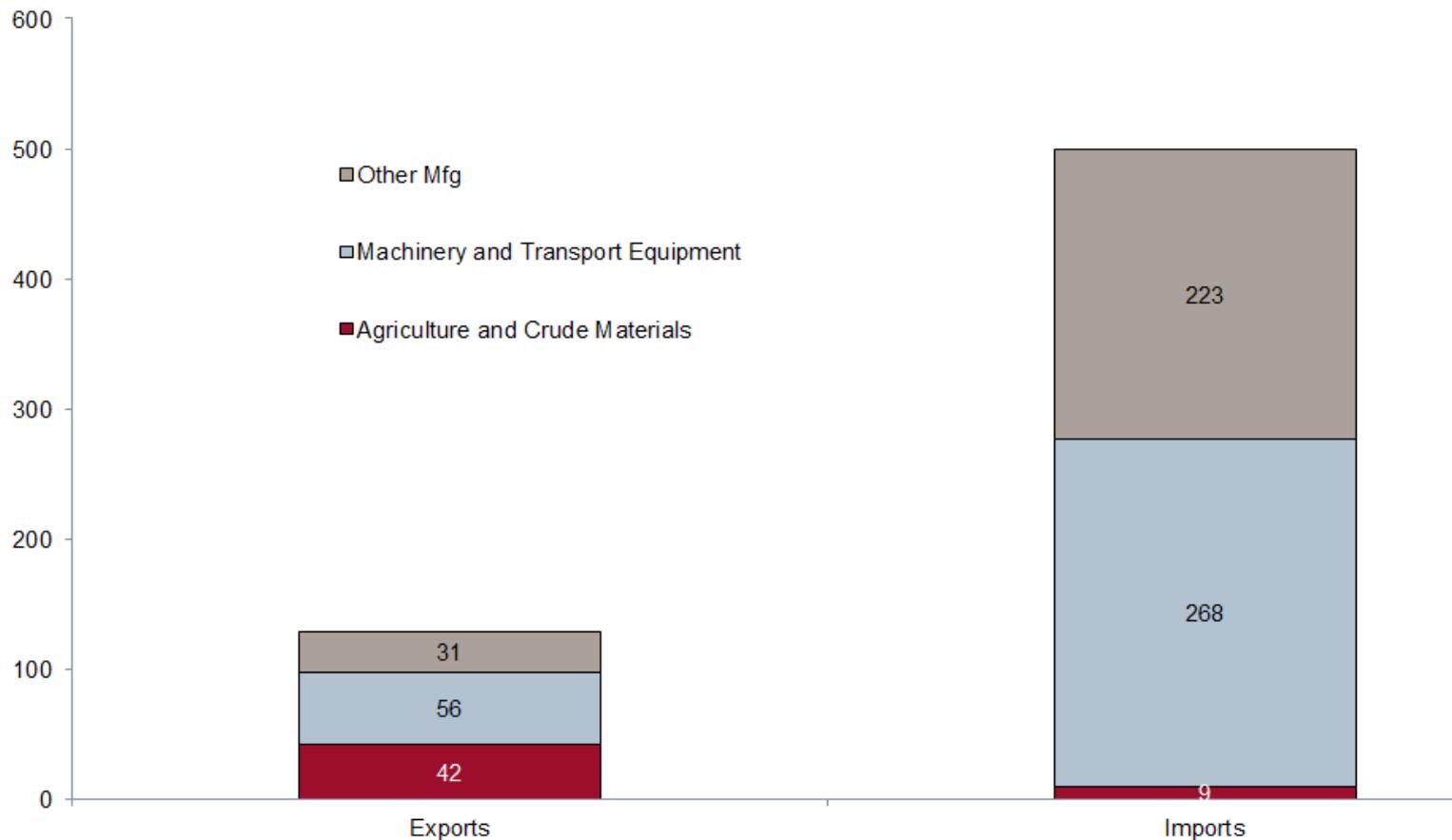


Last data point: 2015

Source: UN, Credit Suisse

3. Trade tensions are here to stay, but we do not expect escalation that would hurt global growth

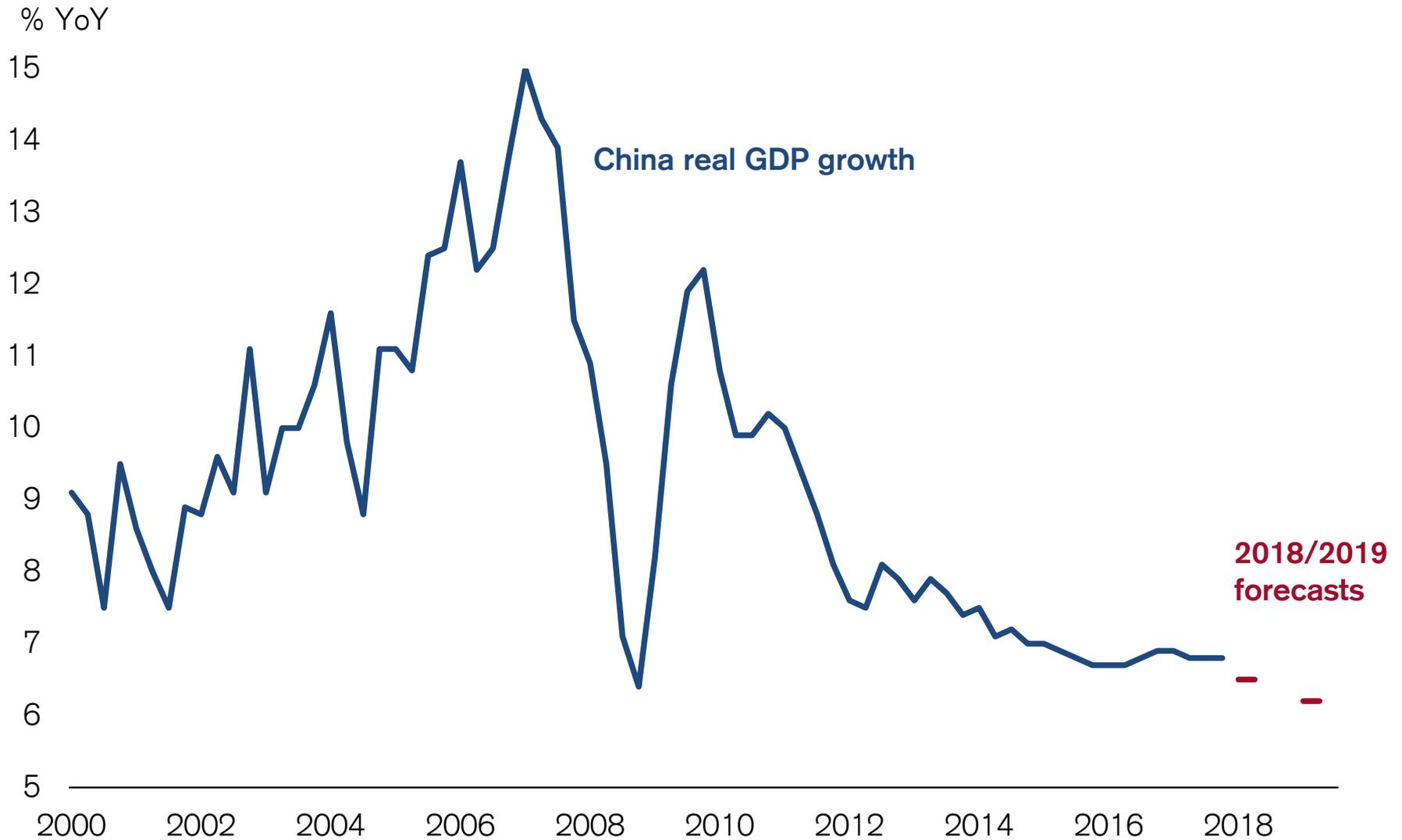
US trade with China (2017), USD bn



Last data point: 2017

Source: Bloomberg, Datastream, Credit Suisse

Continued slowdown, but risks skewed to the upside



Last data point: 2017

Source: Datastream, Credit Suisse

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